

Office of the  
Legislative Fiscal Analyst

## **FY 2003 Budget Recommendations**

Joint Appropriations Subcommittee for  
Capital Facilities and Administrative Services

Utah Department of Administrative Services  
**Executive Director**

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## 1.0 Summary: Executive Director's Office - Administration

The Executive Director's Office (EDO) provides financial management, strategic planning, organizational development, and public relations for the Department of Administrative Services. It is through the EDO that the Department plays a major role in the development of the State's system for information management. The Director serves on the State Data Processing Review Committee and coordinates the efforts of other programs as they relate to statewide applications.

|                                    | <b>Analyst<br/>FY 2003<br/>Base</b> | <b>Analyst<br/>FY 2003<br/>Changes</b> | <b>Analyst<br/>FY 2003<br/>Total</b> |
|------------------------------------|-------------------------------------|--|--------------------------------------|
| <b>Financing</b>                   |                                     |  |                                      |
| General Fund                       | 842,600                             | (35,500)                               | 807,100                              |
| Transfers                          | 136,800                             | (136,800)                              |                                      |
| Transfers - Internal Service Funds |                                     | 212,500                                | 212,500                              |
| <b>Total</b>                       | <b>\$979,400</b>                    | <b>\$40,200</b>                        | <b>\$1,019,600</b>                   |
| <b>Programs</b>                    |                                     |  |                                      |
| Executive Director                 | 979,400                             | 40,200                                 | 1,019,600                            |
| <b>Total</b>                       | <b>\$979,400</b>                    | <b>\$40,200</b>                        | <b>\$1,019,600</b>                   |
| <b>FTE/Other</b>                   |                                     |  |                                      |
| Total FTE                          | 10                                  |  | 10                                   |

The *Analyst FY 2003 Base* budget recommendation includes the *Revised Estimate* from FY 2002 as approved by the Executive Appropriations Committee and the following items:

- Adjustment for FY 2002 one-time programs;
- Payroll cost of an extra day in FY 2003;
- Transfers of Market Comparability Adjustments; and,
- Net changes for Internal Service Fund rates.

FY 2003 changes reflect the incremental costs of across the board reductions and annualization of partial budget cuts approved for FY 2002 along with adjustments for a four percent General Fund cut that is offset by a \$75,700 increase in transfers from Internal Service Funds for a new auditor.

## 2.0 Issues

### 2.1 State Office Building Security

Following a survey of State Office Building tenants, the Executive Director's Office approved a new security plan for the State Office Building. The plan included issuing identification badges to employees, installation of electronic access pads and contracting with a private sector company to provide an on-site security presence. Last year, the Analyst expressed concern that funds expended for the plan are not being used efficiently due to a partial implementation strategy that fails to address real security needs. During the course of the current year, the Executive Director implemented rules to make the State Office Building a more secure environment. Section 3.1 provides further detail.

### 2.2 Performance Measures

A primary role of the Executive Director is to ensure that programs are run efficiently and represent a critical need to the state. In accomplishing this task, the Executive Director's Office employs three auditors and three human resource analysts. The Department's accounting of projects is provided at the end of this report.

### 2.3 Four Percent General Fund Reduction

DAS divisions average a six percent reduction in General Fund. With no programs to cut in the Executive Director's Office, it seems appropriate that agency leadership should share in efforts to balance the state budget. Even with a reduction in General Fund, the EDO recommended budget will exceed \$1 million in FY 2003.

**General Fund.....(\$34,400)**

### 2.3 Internal Auditors

As noted in section 2.2, the Executive Director provides three internal auditors to monitor internal service fund divisions. Salaries for these auditors are paid through transfers from the Internal Service Fund to the EDO. Auditing is an important function for the EDO, but the Analyst is concerned about the perception of employee growth. The Analyst is recommending approval of increased transfers for FY 2003, but offers a cautionary note in section 3.2 below.

**Transfers.....\$62,200**

### 3.0 Programs: Executive Director's Office - Administration

#### Recommendation

|                                    | 2001             | 2002             | 2003               | Est/Analyst       |
|------------------------------------|------------------|------------------|--------------------|-------------------|
| <b>Financing</b>                   | <b>Actual</b>    | <b>Estimated</b> | <b>Analyst</b>     | <b>Difference</b> |
| General Fund                       | 803,600          | 819,700          | 807,100            | (12,600)          |
| General Fund, One-time             |                  | (25,500)         |                    | 25,500            |
| Transfers                          | 143,300          | 129,500          |                    | (129,500)         |
| Transfers - Internal Service Funds |                  |                  | 212,500            | 212,500           |
| Beginning Nonlapsing               | 12,200           |                  |                    |                   |
| <b>Total</b>                       | <b>\$959,100</b> | <b>\$923,700</b> | <b>\$1,019,600</b> | <b>\$95,900</b>   |
| <b>Expenditures</b>                |                  |                  |                    |                   |
| Personal Services                  | 767,600          | 765,400          | 811,000            | 45,600            |
| In-State Travel                    | 1,600            | 1,600            | 1,400              | (200)             |
| Out of State Travel                | 3,400            | 3,200            | 3,000              | (200)             |
| Current Expense                    | 162,400          | 150,000          | 175,600            | 25,600            |
| DP Current Expense                 | 24,100           | 28,700           | 28,600             | (100)             |
| Other Charges/Pass Thru            |                  | (25,200)         |                    | 25,200            |
| <b>Total</b>                       | <b>\$959,100</b> | <b>\$923,700</b> | <b>\$1,019,600</b> | <b>\$95,900</b>   |
| <b>FTE/Other</b>                   |                  |                  |                    |                   |
| Total FTE                          | 10               | 10               | 10                 |                   |

The Executive Director's Office (EDO) provides financial management, strategic planning, organizational development, internal auditing and public relations for the Department of Administrative Services. The client base for most state agencies is taxpayers – the primary customers for the Department of Administrative Services are other state agencies. The Director helps coordinate inter-agency cooperation on issues such as fleet consolidation, archival procedures and purchasing guidelines.

#### 3.1 State Office Building Security

Following a survey of State Office Building tenants, the Executive Director's Office approved a new security plan for the State Office Building. The plan included issuing identification badges to employees, installation of electronic access pads and contracting with a private sector company to provide an on-site security presence. During the current year, the Executive Director established a single entry point for visitor access to the State Office Building. Following the September 11 attacks, the Division of Protective Services took over security from the private sector vendor.

At present, the Executive Director is working with all Divisions and employees to ensure that security is maintained through appropriate use of access cards. This means that no individual should be allowed through a secure door without proper identification and that ID badges or visitor passes should be displayed at all times.

### 3.2 Internal Auditors

The Executive Director's Office provides three internal auditors to monitor internal service fund divisions. Salaries for these auditors are paid through transfers from the divisions to the EDO. Auditing is an important function for the EDO, but the Analyst is concerned about the perception of employee growth. The Analyst is recommending approval of increased transfers for FY 2003, but offers this cautionary note. In contrast to ISF agencies, Legislative approval is not required to add FTEs to appropriated budgets. By hiring employees on the appropriated side and funding them through the rate structure, DAS is able to add FTEs in a way that is not available to other agencies. Ironically, these added employees are actually paid by other agencies through rates charged by the internal service fund.

DAS is requesting additional authority for transfers in the amount of \$75,700. However, the additional auditor brought on last year increased costs by only \$62,200. Given that the auditing function was already operating, it seems appropriate that transfers should only fund the increase in costs. Therefore, **the Analyst recommends approval of additional authority to transfer funds in the amount of \$62,200.** The Analyst will also provide an annual report on the number of FTEs funded in the EDO through the ISF rate structure.

**4.0 Additional Information: Executive Director's Office – Administration**

|                                    | <b>1999</b>      | <b>2000</b>      | <b>2001</b>      | <b>2002</b>      | <b>2003</b>        |
|------------------------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>Financing</b>                   | <b>Actual</b>    | <b>Actual</b>    | <b>Actual</b>    | <b>Estimated</b> | <b>Analyst</b>     |
| General Fund                       | 683,500          | 738,200          | 803,600          | 819,700          | 807,100            |
| General Fund, One-time             |                  |                  |                  | (25,500)         |                    |
| Dedicated Credits Revenue          | 20,000           | 20,100           |                  |                  |                    |
| Transfers                          |                  |                  | 143,300          | 129,500          |                    |
| Transfers - Internal Service Funds |                  |                  |                  |                  | 212,500            |
| Beginning Nonlapsing               | 187,700          |                  | 12,200           |                  |                    |
| Closing Nonlapsing                 |                  | (12,200)         |                  |                  |                    |
| <b>Total</b>                       | <b>\$891,100</b> | <b>\$746,100</b> | <b>\$959,100</b> | <b>\$923,700</b> | <b>\$1,019,600</b> |
| <b>Programs</b>                    |                  |                  |                  |                  |                    |
| Executive Director                 | 871,100          | 736,600          | 959,100          | 923,700          | 1,019,600          |
| Capitol Connections                | 20,000           | 9,500            |                  |                  |                    |
| <b>Total</b>                       | <b>\$891,100</b> | <b>\$746,100</b> | <b>\$959,100</b> | <b>\$923,700</b> | <b>\$1,019,600</b> |
| <b>Expenditures</b>                |                  |                  |                  |                  |                    |
| Personal Services                  | 533,700          | 583,200          | 767,600          | 765,400          | 811,000            |
| In-State Travel                    |                  | 1,300            | 1,600            | 1,600            | 1,400              |
| Out of State Travel                | 6,300            | 2,900            | 3,400            | 3,200            | 3,000              |
| Current Expense                    | 148,200          | 147,800          | 162,400          | 150,000          | 175,600            |
| DP Current Expense                 | 17,900           | 10,900           | 24,100           | 28,700           | 28,600             |
| Other Charges/Pass Thru            | 185,000          |                  |                  | (25,200)         |                    |
| <b>Total</b>                       | <b>\$891,100</b> | <b>\$746,100</b> | <b>\$959,100</b> | <b>\$923,700</b> | <b>\$1,019,600</b> |
| <b>FTE/Other</b>                   |                  |                  |                  |                  |                    |
| Total FTE                          | 9                | 10               | 10               | 10               | 10                 |